

D.P.U. 94-4D

Application of Eastern Edison Company

(1) under the provisions of G.L. c. 164, § 94G and the Company's tariff, M.D.P.U. 115, for approval by the Department of Public Utilities of a change in the quarterly fuel charge to be billed to the Company's customers pursuant to meter readings in the billing months of December 1994, and January and February 1995.

(2) for approval by the Department of Public Utilities of rates to be paid to Qualifying Facilities for purchases of power pursuant to 220 C.M.R. §§ 8.00 et seq. The rules established in 220 C.M.R. §§ 8.00 et seq. set forth the filings to be made by electric utilities with the Department of Public Utilities, and implement the intent of sections 201 and 210 of the Public Utilities Regulatory Policies Act of 1978.

APPEARANCES: David A. Fazzone, Esq.
McDermott, Will & Emery
75 State Street
Boston, Massachusetts 02109
FOR: EASTERN EDISON COMPANY
Applicant

I. INTRODUCTION

On October 31, 1994, pursuant to G.L. c. 164, § 94G and 220 C.M.R. §§ 8.00 et seq., Eastern Edison Company ("EECo" or "Company") notified the Department of Public Utilities ("Department") of the Company's intent to file a quarterly change to its fuel charge in conformance with its tariff, M.D.P.U. 115, and to its Qualifying Facility ("QF") power purchase rates in conformance with its tariff, M.D.P.U. 115. The Company requested that both these changes be effective for bills issued pursuant to meter readings for the billing months of December 1994, and January and February 1995. These matters were docketed as D.P.U. 94-4D.

Pursuant to notice duly issued, a public hearing on the Company's application was held on November 21, 1994, at the Department's offices in Boston. Notice of the hearing was published by the Company in the Fall River Herald News, the Quincy Patriot Ledger, the Brockton Enterprise, and the Boston Herald. The Company also complied with the requirement to mail a copy of the notice of the hearing to persons with whom the Company has special retail contracts that do not incorporate a filed rate, and to all intervenors and their respective counsel from the Company's prior two fuel charge proceedings. At the hearing, the Company sponsored two witnesses: Mark Sorgman, supervisor of rate administration for Eastern Utilities Associates Service Corporation, and Gail M. Hatch, power analyst for Eastern Utilities Associates Service Corporation. The Company submitted two exhibits.

EECo is a wholly owned subsidiary of Eastern Utilities Associates ("EUA"), a utility holding company. EUA's other subsidiaries, affiliates of EECo, include Blackstone Valley Electric Company ("Blackstone") in Rhode Island, Newport Electric Corporation in Rhode Island, and EUA Service Corporation, which provides engineering, technical, and other services for EUA companies.

Montaup Electric Company ("Montaup") is a wholly owned subsidiary of EEC_o and supplies power to EEC_o, Blackstone, and certain municipal electric utilities. EEC_o purchases all of its power requirements at wholesale from Montaup pursuant to rates regulated by the Federal Energy Regulatory Commission ("FERC"). Thus, EEC_o does not own or operate any power generation units of its own. EEC_o serves, on average, 204,000 customers in its service territory, which includes over twenty cities and towns in southeastern Massachusetts.

II. FUEL CHARGE

On November 15, 1994, the Company filed with the Department its proposed changes to its fuel charge and QF power purchase rates for December 1994, and January and February 1995. For these billing months, the Company proposes a fuel charge of \$0.01766 per kilowatthour ("KWH"). The proposed fuel charge is \$0.00161 per KWH lower than the fuel charge of \$0.01927 per KWH approved by the Department in Eastern Edison Company, D.P.U. 94-4C (1994) for meter readings for the billing months of September, October and November 1994.

Mr. Sorgman stated that the decrease in the proposed fuel charge is caused by the fact that the Company anticipates an overrecovery of \$411,226 to exist at the end of the current period, instead of an underrecovery of \$1,119,689 forecasted in the prior filing (Exh. EE-1, sec. 1, at 4). According to the Company, the estimated overrecovery is due to a 1.8 percent decrease in the average energy rate than was forecast and a 0.9 percent decrease in purchases than was forecast (id.).

According to Ms. Hatch, the decrease in the average energy rate is attributable to a combination of the following factors: (1) a slightly higher M-rate fuel cost than previously was estimated due to unplanned outages at Millstone 3, Pilgrim, Canal I, and Canal II; (2) an approximate six percent decrease in Canal II oil prices than previously was estimated; (3) an

approximate two percent decrease in M-rate energy requirements than previously was estimated due to mild temperatures in September and October 1994; and (4) a decrease in unit availabilities than previously was estimated (Exh. EE-1, sec. 2, at 2-3; Tr. at 8).

III. QUALIFYING FACILITIES

Pursuant to the Department's rules, 220 C.M.R. 8.00 et seq., rates to be paid to QFs for short-run power purchases are set with the same frequency as the fuel charge. A QF is a small power producer or cogenerator that meets the criteria established by the FERC in 18 C.F.R. § 292.203(a) and adopted by the Department in 220 C.M.R. § 8.02.

Pursuant to the governing regulations, the Company is required to calculate short-run energy purchase rates on a time-of-supply basis for two rating periods: peak and off-peak. In addition, the Company is required to calculate a non-time-differentiated rate, i.e., a total period rate, which is a weighted average of the time-of-supply rates, where the weighting is a function of the number of hours in each rating period. See 220 C.M.R. § 8.04(4)(b).

The Company proposed the following standard rates to be paid to QFs during December 1994, and January and February 1995:

Energy Rates By Voltage Level (\$/KWH)

<u>Voltage Level</u>	<u>Peak</u>	<u>Off-Peak</u>	<u>Total</u>
(A) Primary	0.021549	0.016933	0.017935
(B) Secondary	0.022223	0.017506	0.018520

(Exh. EE-1, sec. 2, at 38).

IV. FINDINGS

Based on the record in the case, the Department finds:

1. that the fuel charge to be applied to Company bills issued pursuant to meter readings for the billing months of December 1994, and January and February 1995 shall be \$0.01766 per KWH. (The calculation of the fuel charge is shown in Table 1 attached to this Order.)

2. that the qualifying facility power purchase rates for December 1994, and January and February 1995 shall be the rates set forth in Section III above.

V. ORDER

Accordingly, after due notice, hearing and consideration, it is

ORDERED: That the Eastern Edison Company is authorized to put into effect a quarterly fuel charge of \$0.01766 per KWH as set forth in Section IV, Finding 1 of this Order for bills issued pursuant to meter readings for the billing months of December 1994, and January and February 1995 subject to refund; and it is

FURTHER ORDERED: That the fuel charge approved herein shall apply to kilowatthours sold to the Company's customers subject to the jurisdiction of the Department and shall be itemized separately on all such customers' electric bills; and it is

FURTHER ORDERED: That the Company's Qualifying Facility power purchase rates for the billing months of December 1994, and January and February 1995 shall be those set forth in the Table on page 4 of this Order; and it is

FURTHER ORDERED: That the Company, in all future fuel charge proceedings, shall notify all intervenors and their respective counsel from the Company's prior two fuel charge proceedings that it is proposing an adjustment to its fuel charge, and shall also notify these persons of the date scheduled for the hearing on the proposed fuel charge at least ten days in advance of the hearing; and it is

FURTHER ORDERED: That the Company, in all future fuel charge proceedings, shall provide the Attorney General and all intervenors and their respective counsel from the prior two fuel charge proceedings with a copy of its fuel charge filing, in hand or by facsimile, on the same day it is filed with the Department.

By Order of the Department,

Kenneth Gordon
Chairman

Mary Clark Webster
Commissioner